

Textual information (10)

Disclosure in board of directors report explanatory [Text Block]

BOARD'S REPORT

To
The Members,

Your Directors have pleasure in presenting their 25th Annual Report on the business and operations of the company along with the audited Financial Statements for the year ended 31st March, 2019 and Auditor's Report thereon.

FINANCIAL HIGHLIGHTS

The Company's financial performance for the year ended on 31st March, 2019 is summarized below:

FINANCIAL RESULTS:	(AMOUNT IN RS.)	(AMOUNT IN RS.)
	2018-19	2017-18
Income:		
Revenue from operations	1,14,50,000	74,21,250
Other Income	9,525	1,87,96,078
Total Income	1,14,59,525	2,62,17,328
Total Expenditure	1,57,69,280	4,75,22,763
Exceptional Items (Expenditure)	3,33,94,941	5,32,677
Profit / (Loss) before Tax	(3,77,04,696)	(2,18,38,112)
Less: Tax Expenses	--	--
Net Profit / (Loss) after Tax	(3,77,04,696)	(2,18,38,112)

FINANCIAL PERFORMANCE

During the year under review the company was engaged in the business of Wholesale of pharmaceutical and medical goods. There has been no change in the business activities of the company during the financial year ended 31st March, 2019.

During the year under review your Company had a downfall in its performance. There was a loss during the year amounting to Rs.3,77,04,696/- as compared to loss of Rs.2,18,38,112/- in previous year. The total revenue of the company was Rs. 1,14,59,525/- as compared to Rs. 2,62,17,328/- of previous year due to lower capacity utilisation caused by non-availability of working capital Funds.

Your Directors and Management along with the entire team is taking all possible action to ensure that we are able to sustain our financial growth and business operational developments in spite of all adverse external conditions and competition. Although, the company had incurred losses during the year under review, however, your directors expect that the company will perform better in the forthcoming year.

DIVIDEND

Considering the financial position of the company, your Directors do not recommend any dividend for the year ended 31st March, 2019 .

TRANSFER TO RESERVES

Your Directors do not propose to transfer any amount to general reserve for the financial year ended 31st March, 2019.

FIXED DEPOSITS

During the year under review, your company has neither invited nor accepted or renewed any fixed deposit from public in terms of provisions of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

Further, the amount of loan borrowed by the company from its directors and relatives of directors has been disclosed in note no. 8 of the Financial Statements of the company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL**(A) Directors**

- Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mrs. Anita Kumari (DIN: 00479606), Director of the Company, who was retired and being eligible, was re-appointed with the approval of members at the Annual General Meeting held on 29th September, 2018.

- Further, in accordance with the provisions of the Companies Act, 2013 and the articles of Association of the Company, Mr. Vinod Kumar Gupta (DIN: 00193202), Director of the company retires at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board recommends their re-appointment.

- Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on August 13, 2019 have approved the re-appointment of Mr. Niranjana Kumar Agrawal as Independent Director of the Company for a Second Term of 5 years commencing upto 31st March, 2014 subject to the approval of the shareholders at the 25th AGM. His re-appointment as an Independent Director of the Company is placed before the members for consideration and approval.

- During the year under review, Mr. Mr. Vaibhav Singh (DIN: 07716498) and Mr. Manoj Kumar (DIN: 06889364) were appointed as Independent Directors on the Board of Company for a term of 5 (five) consecutive years commencing from 29th September, 2018 and Mr. Vinod Shiv Kumar Gupta (DIN: 00193202) was designated as Managing Director of the Company for a term of 3 (three) consecutive years commencing from



29th September, 2018.

(B) Key Managerial Personnel (KMP)

During the financial year 2018-19, there was no change in the structure of the Key Managerial Personnel.

DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS

The Company has received declaration from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under sub section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

FORMAL ANNUAL EVALUATION

During the year under review, a separate mechanism was carried out for formal annual evaluation of its own performance & that of its committee and individual directors, including the Chairman of the Board. Performance evaluation of Independent Directors was carried out by the entire Board. Performance evaluation of the Chairman and non independent directors was also carried out in the Meeting of Independent Directors separately.

The Company has devised a Policy for performance evaluation of Independent Director, Board, Committees & other Individual Directors which includes criteria for performance evaluation of the Board as a whole. The Company's Nomination & Remuneration policy which includes the Director's appointment & remuneration including criteria for determining qualifications, positive attributes, independence of the director & other matters is available on the website of the Company.

The details of programmes for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters have been elaborately devised by the top management and efforts are being made to create the awareness about the same.

AUDITORS

Statutory Auditors

M/s Rajvanshi & Associates, Chartered Accountants (Firm Registration No: 005069C) were appointed as the Statutory Auditors of the Company for a term of five years from the conclusion of AGM held on 27th September, 2014 till the conclusion of the AGM to be held in the calendar year 2019, subject to a yearly ratification of such appointment by shareholders at the AGM. Therefore, the tenure of said auditors will expire on this AGM.

Accordingly, your directors recommend the re-appointment of M/s Rajvanshi & Associates, Chartered Accountants (Firm Registration No: 005069C) as statutory auditors of the company to hold office for a period of four years from the conclusion of this Annual General Meeting till the conclusion of Annual General Meeting to be held in calendar year 2023.

Further, as required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained a written certificate from the above mentioned Auditors to the effect that they conform with the limits specified in the said Section and that they are not disqualified for appointment within the meaning of Section 141 of the Companies Act, 2013.

Secretarial Auditor

In terms of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Board had appointed M/s V.M. & Associates, Practising Company Secretaries (FRN: P1984RJ039200) as Secretarial Auditors of the Company for the financial year 2018-19. The Secretarial Audit Report for the financial year 2018-19, in form MR-3, contains the qualifications and is annexed to this report as Annexure -I.

Management Response: All the points given in Secretarial Audit Report are self explanatory and does not call for further explanation. However, the management is of the firm view that the same shall be regularized in the future.

Further, the Company has received consent and certificate of eligibility from M/s V. M. & Associates, Company Secretaries for the financial year 2019-20 to act as Secretarial Auditors and the Board in its meeting held on 30th May, 2019 has re-appointed M/s V.M. & Associates, Company Secretaries in Practice as Secretarial Auditor of the Company to carry out secretarial audit for the financial year 2019-20.

AUDITOR'S REPORT

Statutory Auditor's Report

Auditor's Report has following qualifications:

- i. We draw your attention to the Note No. 23 other explanatory information: Point No.(a) regarding not providing depreciation as required by IND AS-16 of Rs62,110/- in respect of computer, printer, vehicle, and office equipments due to this loss has been understated by Rs62,110/- .
- ii. We draw your attention to the Note No. 23 other explanatory information: Point No.(b) regarding not recognizing deferred tax asset as required by IND AS -12 considering losses, absence of virtual certainty of profits and amount is also not quantified.
- iii. We draw your attention to the Note No. 23 other explanatory information: Point No.(c) that the management is considering good of old loans

& advances to other parties of Rs 4,62,10,685/- (FirozKhan Rs. 2,10,685/- and Sky HighFinancial Services Pvt. Ltd. 4,60,00,000/-), whereas the actual recovery is not possible by thecompany, due to this loss has been understated by Rs 4,62,10,685 /-. Furtherthe company has given loans & advances to three companies of Rs2,21,28,396/- from whom neither interest has been charged.

iv. We draw your attention to the Note No. 23 other explanatory information: Point No.(d) that some of the charges on asset of the company are still open at MCAMaster Data where-as property and stock has been auctioned by the securedcreditor. However, during the period company has written off credit balances ofState Bank of Hyderabad (CC) of Rs.2,10,37,112/- and SIDBI Loan (HYD) of Rs32,43,920/- as Exceptional Items informed by the management as amount are notpayable to banks. Due to this loss has been understated by this amount.

Management Response: All the4 points are self explanatory and does not call for further explanation.However, the management is of the firm view that the same shall be regularizedin the future.

REPORTING OF FRAUDS BY AUDITORS

Duringthe period under review, neither the statutory auditor reported to the AuditCommittee, under section 143(12) of the Act, any instances of fraud committedagainst the Company by its officers or employees, the details of which wouldneed to be mentioned in the Board's Report.

SIGNIFICANT AND MATERIAL ORDERSPASSED BY THE REGULATORS

There were no significant and material orders passed by the Regulators or Courts orTribunals during the year impacting the going concern status and the operationsof the Company in future.

MEETINGS OF THE BOARD

The Board of Directors met five (5)times during the year on 30.05.2018,14.08.2018, 01.09.2018, 27.10.2018 & 14.02.2019. Frequency and quorum atthese meetings and the intervening gap between any two meetings were in conformitywith the provisions of the Act, the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 ("ListingRegulations") and Secretarial Standards issued by The Institute of CompanySecretaries of India ("Secretarial Standards"). For further details, pleaserefer report on Corporate Governance forming part of this Annual Report.

Further, the Company has compliedwith all the applicable Secretarial Standards issued by the Institute ofCompany Secretaries of India.

BOARD'S COMMITTEES

As on 31st March, 2019,the Board of Directors of the Company has the following Committees: -



- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders Relationship Committee

A detailed note on the composition and meetings of Committees held during the year and attendance thereat, are given in the Report on Corporate Governance forming part of this Annual Report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company continuously strives to conserve energy, adopt environment friendly practices and employ technology for more efficient operations.

The particulars relating to the energy conservation and technology absorption, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given in the ANNEXURE II to this Report.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The industrial structure, development, opportunities, threats, review of operational performance and risks of the company are reviewed in detail in the Management Discussions and Analysis Report attached as Annexure-III and form a part of the Report.

CONTRACTS & ARRANGEMENTS WITH THE RELATED PARTY

All related party transactions that were entered into during the financial year ended 31st March, 2019 were on an arm's length basis and were in the ordinary course of business. Therefore, the provisions of Section 188 of the Companies Act, 2013 were not attracted. Further, there are no materially significant related party transactions during the year under review made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Thus, disclosure in Form AOC-2 is not required.

CORPORATE GOVERNANCE

Your Company is fully compliant with the norms on corporate governance laid out in the notification dated September 2, 2015 of the Securities and Exchange Board of India enacting the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") which have replaced the erstwhile Listing Agreement w.e.f. 1st December, 2015. All the Directors and the senior management personnel have affirmed in writing their compliance with and adherence to the Code of Conduct adopted by the Company.

The details of the Code of Conduct are furnished in the Corporate Governance Report attached as ANNEXURE-IV to this Report.

EXTRACT OF ANNUAL REPORT

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of The Companies (Management and Administration) Rules, 2014, an extract of annual return in form no. MGT-9 forms part of this Report as ANNEXURE-V.

PARTICULARS OF THE EMPLOYEES

The Company does not have any Managing Director, Whole Time Director, Manager or any other KMP. Therefore, details as per Section 197 of the Companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is Nil.

The statement showing the names and other particulars of the top ten employees in terms of remuneration drawn, as required under rule 5(2) and rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended) is annexed as Annexure VI to this report. However, none of the employee of the Company was in receipt of the remuneration exceeding the limits prescribed under section 197 (12) read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

WHISTLEBLOWER POLICY / VIGIL MECHANISM

The Company promotes ethical behaviors in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. The Company has a whistle blower policy wherein the directors and employees are free to report violations of law, rules, regulations or unethical conduct, actual or suspected fraud to their immediate supervisor or provide direct access to the Chairman of the Audit Committee in exceptional cases or such other persons as may be notified by the Board. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

RISK MANAGEMENT POLICY

The Company operates in conditions where economic, environment and social risk are inherent to its businesses. In managing risk, it is the Company's practice to take advantage of potential opportunities while managing potential adverse effects. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires that all listed Companies shall lay down the procedure towards risk assessment. It also requires that the company must frame, implement and monitor the risk management plan of the Company.

To overcome this and as per requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Board has framed a very comprehensive Risk Management policy to oversee the mitigation plan for the key risks faced by the Company. The objective of the policy is to make an effective risk management system to ensure the long term viability of the company's business operations. The same is reviewed quarterly by senior management and periodically also by the Board of Directors.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments affecting the financial position of the company, which occurred between end of financial year of the company to which the financial statements relate and date of this report.

INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including the adherence to the Company's policies, including the adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures.

LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY



The particulars of the Loans and advances given and investments made by the company are provided in the Financial Statements of the company which forms part of this report. (Please refer to Note no. 2 in the financial Statements).

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. The Company has constituted Internal Complaint Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for reporting and conducting inquiry into the complaints made by the victim on the harassment at the work place.

The following is a summary of Sexual Harassment Complaints received and disposed off during the financial year 2018-19:-

- a. Number of Complaints pending at the beginning of the year : NIL
- b. Number of Complaints of Sexual Harassment received during the year : NIL
- c. Number of Complaints disposed off during the year : NA
- d. Number of cases pending for more than ninety days : NIL
- e. Number of workshops or awareness programme against Sexual Harassment carried out : NIL
- f. Nature of action taken by the Company : NA
- g. Number of Complaints pending at the end of the year : NIL

DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 134(5)

Your Directors hereby confirm that:-

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively."

OTHER DISCLOSURES

Other disclosures with respect to Board's Report as required under the Companies Act, 2013 and the Rules notified thereunder are either NIL or NOT APPLICABLE.

ACKNOWLEDGEMENT

The Board of Directors places on record, its deep sense of appreciation to employees at all levels on their hard work, dedication and commitment. The Board also thank all the shareholders, investors, vendors, service providers, bankers and all other stakeholders for their continued and consistent support to the Company during the year.

Your Directors would like to make a special mention of the support extended by the various Departments of Government of India, the State Governments, the Tax Authorities, the Ministry of Corporate Affairs, Securities and Exchange Board of India, Stock Exchanges and other governmental/ semi-governmental bodies and look forward to their continued support in all future endeavours.

For and On behalf of Board of Directors
For Zyden Gentec Limited

SD/-
Vinod Shiv Kumar Gupta
Managing Director
DIN: 00193202

SD/-
Anita Kumari
Director
DIN: 00479606

Registered Office:
143, Deepshri Building, Kotri Road
Gumanpura, Kota- 324007 (Rajasthan)